

EXHIBIT 2

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The Real Meaning Of IPTV

By: Mike Quigley, BusinessWeek Online, 5/20/2005

VIEWPOINT

Behind the acronym lies an expanding universe of communications possibilities. Alcatel's president explains it all

Today, amid the hard-fought battle for the living room, the hottest topic in the world of communications and networking is the emergence of IPTV. But despite the growing ubiquity of the acronym, the true meaning and potential of the technology behind it is still largely misunderstood -- and not just by the average consumer, but by many within the communications industry as well.

Let's start with what IPTV is not. Specifically, it is not TV that is broadcast over the Internet. While the "IP" in its name stands for Internet protocol, that doesn't mean people will log onto their favorite Web page to access television programming. The IP refers to a method of sending information over a secure, tightly managed network that results in a superior entertainment experience.

ME TV. Why is it superior? Because it means a service provider can deliver a much more personalized entertainment experience to customers. The end result is compelling to content providers, advertisers, and consumers alike, and doesn't sacrifice good business economics.

In particular, IPTV allows the service provider to deliver only those channels that the consumer wants at any given time -- unlike traditional television broadcasting, where every channel is delivered to every home on the network. For the first time, it will be economical to deliver a college basketball game to everyone who wants to see it, for example, rather than just a particular local community.

Of course, IPTV offers more benefits than this to the consumer. For one thing, it raises interactive television to a new level. While interactive TV has been around for more than a decade, it has offered little more than a choice of camera angles from which to view an event. IPTV gives the viewer access not just to an event but to the information related to it. You would have the ability to look at stats and live footage of one game, for example, while watching another.

REMOTE CONTROL. And because this is a secure data network, it gives you the ability to look up player-specific information right on the TV while watching a game. Likewise, you would be able to send photos or home movies from your PC right onto the TV, message your friends while you watch a show "together" across great distances, and receive caller ID information on your TV. And, of course, you could enjoy time-shifting, which allows you to watch what you want when you want it, and to use a cell phone to manage your -- or your children's -- TV viewing when you're away from home.

IPTV is good for businesses as well. The "personalcast" method of delivery means reduced opportunities for theft of content, which last year cost the cable industry \$4.76 billion in unrealized revenue. And because the network is extremely secure and has the ability to synthesize all sorts of information regarding the consumer's preferences, it's an excellent platform on which to add e-commerce, advertising, and other capabilities. In fact, as advertisers get better at divining the behavior of consumers with digital video

recorders, they'll have a significant opportunity to decrease the use of low-impact broadcast ads and increase the use of personalized ads that drive meaningful business results and impulse purchasing.

QUICK PAYOFF. As the content and advertising industries have become better acquainted with IPTV, they're already beginning to see the real opportunities for their businesses as well, from improved security to more tangible business results.

Finally, building IPTV capability into a network allows a service provider to deliver voice and data as well. That fulfills the promise at last of a single, secure network over which all services can be delivered. This is crucial because it serves to fundamentally change the provider's operational costs over time. That leads to ongoing savings as well as better services for consumers and wider availability of new services.

So while the part of the acronym IPTV that's most widely understood is TV, this is by no means the most important element. The shift toward "all-IP"-based communications will not only change our entertainment experience but our entire communications experience. It places users squarely at the center of their own communications universe and allows them to choose which device is most appropriate at a given time.

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